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LOOKING BACK ON THE WORLD CRISIS

only

BY PROFESSOR GUSTAV CASSEL

The time has come to settle accounts with the big world crisis. The protracted depression has, broadly speaking, been overcome. Several countries are already rejoicing in a manifest boom, marked by the fact that production has beaten the records of the previous boom. Other countries, such as the United States, are on a fair way in the same direction. The members of the so-called gold bloc have taken what should be a decisive step towards the readjustment of the bases of their economic systems. A new era is dawning, and we must set to work with new conditions and new problems. This, however, does not mean that we are proceeding towards a course of development which will be entirely severed from any connection with the late depression. History knows of no such sudden breaks. In the present case the new era will be burdened in a marked degree by legacies from the epoch which has now been terminated. The crisis has left many remnants which it will not be easy to get rid of. Despite the existing prosperity a great deal of unemployment still remains, and there are leavings of an unemployment policy which may lead to even more trouble. Many far-reaching interferences with the liberty of trade still survive, and a restoration of more normal conditions is impeded by consideration for all those new creations which have sprung up in the hot-house atmosphere of autarchy. Moreover, by definitively ruining the old gold standard, the crisis has confronted the new era with the problem of building up a new monetary system of satisfactory stability.

In such conditions thorough knowledge of the essential nature of the crisis through which we have passed is obviously a matter of extreme importance. A wrong analysis must lead to a wrong judgment of what has actually happend, and thus to a wrong basis for our future economic action. Such risks manifest themselves in a grotesque form when in certain quarters the so-called capitalistic system is made responsible for the entire world crisis, and the conclusion is drawn from this analysis that it is now time to put an end to the economic organization which the last few generations have built up, and which has served as a basis for the most magnificent progress the world has ever seen. The error in the analysis is glaringly obvious in this particular instance. Any one who has taken the least trouble to observe what has been happening should know that the crisis must, in any case, be attributed primarily to events and interferences for which the Governments and central banks, but not private business men, are responsible.

Expert analysis of the crisis has by this time swollen into a literature of immense volume, comprising a wealth of knowledge and a vast collection of material. The general view of the social economy is, however, in most cases very defective.

People have thought that they could base their account of what has happened to the economic system on considerations based on the point of view of the individual merchant, financier or banker, and which may have some relative validity in their special spheres. So long as people proceed in this way, the discussion will never rise above the level characteristic of most financial articles in the press, where the factors are viewed mainly from the standpoint of private economy. If we wish to get further, we must learn to understand that an explanation which is intended to give a general survey of the social economy must be very different and in many cases quite the opposite.

This difference in basic points of view is brought into particularly clear relief in attempts to explain price movements, which are always bound to be of fundamental importance in a complete analysis of a crisis. In the accounts ordinarily given people content themselves with arguments such as that the over-production of agricultural commodities must depress prices and that likewise deficient selling possibilities for industrial products are bound to cause a price decline, and that the final outcome will naturally be a general fall of prices. Such considerations, which are applicable to a limited market, have, however, no validity for the economic system at large. What is actually meant when it is stated that a price decline will be inevitable on a certain market? Such a statement can merely mean that a certain group of commodities will have a lower exchange value relatively to other goods. But such a situation cannot possible arise in regard to all groups of commodities at once. As for a general fall of prices, it is bound to involve a lower exchange value for commodities as expressed in the monetary unit: thus, in the case of a gold standard, a lowering of the exchange value of commodities as expressed in gold, or what comes to the same, an increase in the value of gold relatively to goods.

Everybody is agreed that the sharp fall of prices is a fundamental feature in the crisis and must be assigned a central position in any attempt to explain it. The necessary conclusion ought to be that the rise in the value of gold relatively to goods must be placed in the very centre of any analysis of the crisis. But such a conclusion people simply refuse to draw. During the whole of the lengthy crisis they have done their utmost to bar such an explanation, which might serve as a basis for a consistent view of the causal connection, but which, of course, would also put the blame on certain authorities which powerful interests desire to relieve from any responsibility. As the essence of the matter has thus been passed by, people have had to confine themselves to repeatedly indicating a variety of heterogeneous factors, the relative importance and internal interaction of which has never been made quite clear. In many cases people seem to have taken pleasure in finding that such complications have impeded the attainment of real clearness. As a substitute for clearness, they have unearthed the ancient mysticism of "business cycles", and have endeavoured to explain various disturbances as aggravating factors in a course of development predetermined, in the main, by mathematical curves. Such mysticism shows an unmistakable affinity with the belief of astrologers in the power of constellations to control events and stands on quite a different basis from that of rational science.

The way to a clearer and more correct view of the crisis consists, as here stated, in taking note of the fact that a general fall of prices means a rise in the value of gold. This rise cannot have been due to anything but a general tendency to amass gold, a tendency which has led to an increasing preference for gold relatively to goods. This strange preference manifested itself on a gigantic scale, and in almost grotesque caricature, in the post-war "reparations" policy. The countries which demanded reparations insisted on payment in gold and refused to receive goods. We are thus undoubtedly well warranted in placing reparations policy in the foreground among the factors which originally led to the disastrous accumulation of gold. While the world was still under the ban of reparations policy, any mention of this causal connection at official discussions or in official enquiries was tabooed: even to this very day strenuous efforts are being made to get it relegated into the background.

When the crisis had once broken out, people thought, in accordance with the old recipe, that the gold currencies could best be safeguarded by accumulating as large gold reserves as possible in the vaults of the central banks. This view led to a general exorbitant craving for liquidity, with the aim of converting, as far as possible, all assets into gold or gold currency. The inevitable result was a substantial increase in the value of gold, and thus a fall in commodity prices. Where the gold standard was adhered to, there was no escape from deflation. This deflation, however, proved to be more and more ruinous the further it proceeded. These are the principal facts to be borne in mind by those who desire to trace the history of the big world crisis. The crisis was from the outset and throughout essentially a crisis of deflation.

In making this statement I have nowise overlooked the many disturbing factors which supervened, such as, for example, the failure of agriculture to adjust itself to the market, or the inordinate indebtedness, especially of one country to another. The effects of these factors, however, were greatly intensified by the price decline, and there was no possibility of coping with such disturbances until the fall of prices had been stopped.

The progress of the crisis in course of time enforced a settlement on the lines just indicated. It was found in the long run impossible to continue the process of deflation, and one country after the other began to abandon the gold parity. A decisive factor in the ensuing course of developments was the abandonment of the gold standard by Great Britain. Gold dogmatism viewed this step as a "depreciation" of the pound sterling, and people still obstinately cling to that completely misleading term. And this despite the fact that the pound sterling and those currencies which are pegged to it have proved to possess a very remarkable stability in their purchasing power relatively to goods. The contention that the price level in the gold countries has been pressed down by the supposed "depreciation" of sterling is thus devoid of any foundation. In point of fact this fall of the price level simply means that the value of gold has been continuously forced up. The gold countries might have prevented this rise in the value of gold simply by selling out their superfluous gold reserves. In dogmatic blindness, however, they preferred to go in the opposite direction and continue to accumulate gold. They were thus driven into a continued deflation right up to the the social breaking-point.

In the United States this limit had been reached when Mr. Roosevelt became President and had to begin his work of reconstruction by abandoning the gold standard. France in 1935 began to have serious misgivings about the possibility of continuing the deflation any longer, and with the expansion programme of the Blum Cabinet the abandonment of the gold parity of the franc became inevitable. Those countries which have freed themselves from the gold standard, and thus from the necessity of continued deflation, have with surprising rapidity recovered strength for fresh economic progress. The difference in the economic development in the paper countries and gold countries is so striking that now, with the figures in front of us, it is scarcely possible to doubt any longer that disturbances in the monetary system have been factors of fundamental importance in the entire economic crisis. It should by now also be clear that these disturbances are ultimately due to the absurd preference for gold as compared with goods. The realization of this fact is of the greatest practical importance: a return to a gold standard should be out of the question, unless satisfactory guarantees can be secured against the repetition of a tendency towards an accumulation of gold, which, by raising the value of gold, is bound to ruin the entire monetary system.

The terrible disasters which have befallen the whole world economy can be rightly understood only in connection with the ruin of the monetary system. Unemployment was a direct consequence of the deflation, which was bound to have a paralyzing effect on all enterprise. In their efforts to suppress unemployment the Governments were driven into far-reaching interferences in the economic life. Attempts were made to check the continuous fall of prices by protectionist measures intended to shut out ruinous foreign competition, and recourse was had to methods which outdid all tariff systems in the injurious effects on international trade. The final outcome was an immense reduction in the volume of world commerce, accompanied by an increase of unemployment in all countries and a further intensification of the agricultural crisis. All efforts to devise some means of putting a stop to this vicious circle were quite in vain, so long as people failed to understand that they must go back to the fundamental cause and seek a remedy in a stabilization of the monetary system: the term stabilization being conceived in its only rational sense of a certain constancy in the internal price levels of the various countries and a relative stability of the exchange rates, based on that constancy.

So long as the gold countries endeavoured to maintain a gold parity considerably exceeding the internal purchasing power of the currencies, the very deviation of the exchange rates from the purchasing power parities constituted a disturbing factor of the first magnitude. Similar disturbances were caused by the attempts made, for purposes of competition, to keep down the value of a currency below the level corresponding to its internal purchasing power. These experiences have distinctly shown the necessity, in practice, of maintaining rates of exchange in substantial conformity with the purchasing power parities. People have imagined that they could escape this necessity by rejecting the whole theory of purchasing power parities as a visionary artificial construction. The course of developments, however, has at length enforced a recognition of the relative purchasing power of the currencies as the fundamental basis for the fixing of exchange rates which are to have any stability. The economic interest of the world is at present concentrated on what was designated in the agreement between France, the United States and Great Britain of September 1936 as the "reestablishment of a lasting equilibrium between the various economic systems". In making a first approach toward such rates of exchange decisive importance must undoubtedly be assigned to the relative shifts in the internal price levels. This lesson from the crisis is likewise of vital significance for the monetary policy of the future.

On the basis of a well-balanced international monetary system a return to freer trade should be possible. If, however, endeavours are made once more to peg the currencies to gold, care must be taken that the demand for gold does not become so great as once more to enforce a protectionist policy which will paralyze world commerce. It should never be left out of sight that the gold standard has a natural tendency to foster a preference for gold as compared with goods and thus to encourage all manner of protectionist schemes.

We are sometimes assured that the present extremely abundant production of gold will free us from any concern about a possible shortage of gold. But, if the supply of money is to be adjusted in proportion to the supply of gold — which would be in exact conformity with the principles of the gold standard—we should first have to pass through a very precarious inflation, in order afterwards to find once more that our gold supplies are inadequate and to get into a new period of intensive accumulation of gold with all the consequences above described. The truth is that what people call a return to a gold standard is impossible, unless the leaders of monetary policy completely abandon the principles of the gold standard and manage to regulate the value of gold in conformity with an independent and well-planned stabilization of the monetary unit. In vain will attempts be made to escape this necessity by the latest prescription according to which the gold standard is to be administered in small doses in the form of various grades of a so-called provisional gold standard.

CELLULOSE AS RAW MATERIAL FOR NEW MARKET PRODUCTS

BY PROFESSOR ERIK HÄGGLUND

The cellulose industry is based on chemical inventions from the middle and latter half of the nineteenth century. The large share in the credit for these discoveries which is due to the Swedish inventor *C. D. Ekman* seems to be well-known. But he, or the other pioneers in this industry, presumably never dreamt that their inventions would serve as a basis for an industry of such vast proportions. The development of the cellulose industry is strikingly illustrated by the curves in Fig. 1, which shows the production of sulphite and sulphate pulp in the whole world as well as in Sweden and the United States during the past 25 years.

The major part of all this cellulose is used, as we know, as raw material for different kinds of paper. There is reason to expect that the consumption of paper will increase, especially in those countries where the consumption of that product is, relatively speaking, very small reckoned per head of the population. The demand for cellulose for this purpose will consequently continue to augment.

The basic material for the manufacture of cellulose consists mainly of various kinds of coniferous timber, in Sweden fir and pine. This wood has a grain of relatively long fibres, which are necessary to give the paper sufficient strength. Consequently it is the *physical* qualities of the isolated fibre that are primarily of interest in the manufacture of paper. It is only during the last twenty-five years that the *chemical* refinement of sulphite and sulphate pulp has assumed practical importance, in that its main ingredient, cellulose, has been utilized for the manufacture of new market products. This applies particularly to artificial silk. There are at present four different kinds of that product, namely viscose, copper, acetate and nitrate silk. The total production of artificial silk in various countries and the approximate percentage output of the several kinds are shown in the subjoined tables 1 and 2.

Table 1. Production of artificial silk in the principal countries in tons.

Country	1913	1923	1928	1933	1934	1935
United States	900	15,646	44,104	94,589	95,476	120,031
Japan	—	354	7,485	45,146	68.200	101,587
England	3,000	7,713	24,603	39,423	42,156	50,757
Germany	3,500	6,500	23,216	29,500	40,860	46,800
Italy	200	4,583	25,998	37,154	38,454	38,953
France	1.500	4,000	13,620	25,950	26,332	23,600
Holland	300	1,500	6,800	8,750	8,850	9,080
Sweden	—	32	151	290	1,095	1,362
Other countries	2,850	6,538	20,036	24,112	30,219	36,045
Total production	**12,250**	**46,866**	**166,013**	**304,914**	**351,642**	**428.215**

Production of cellulose.

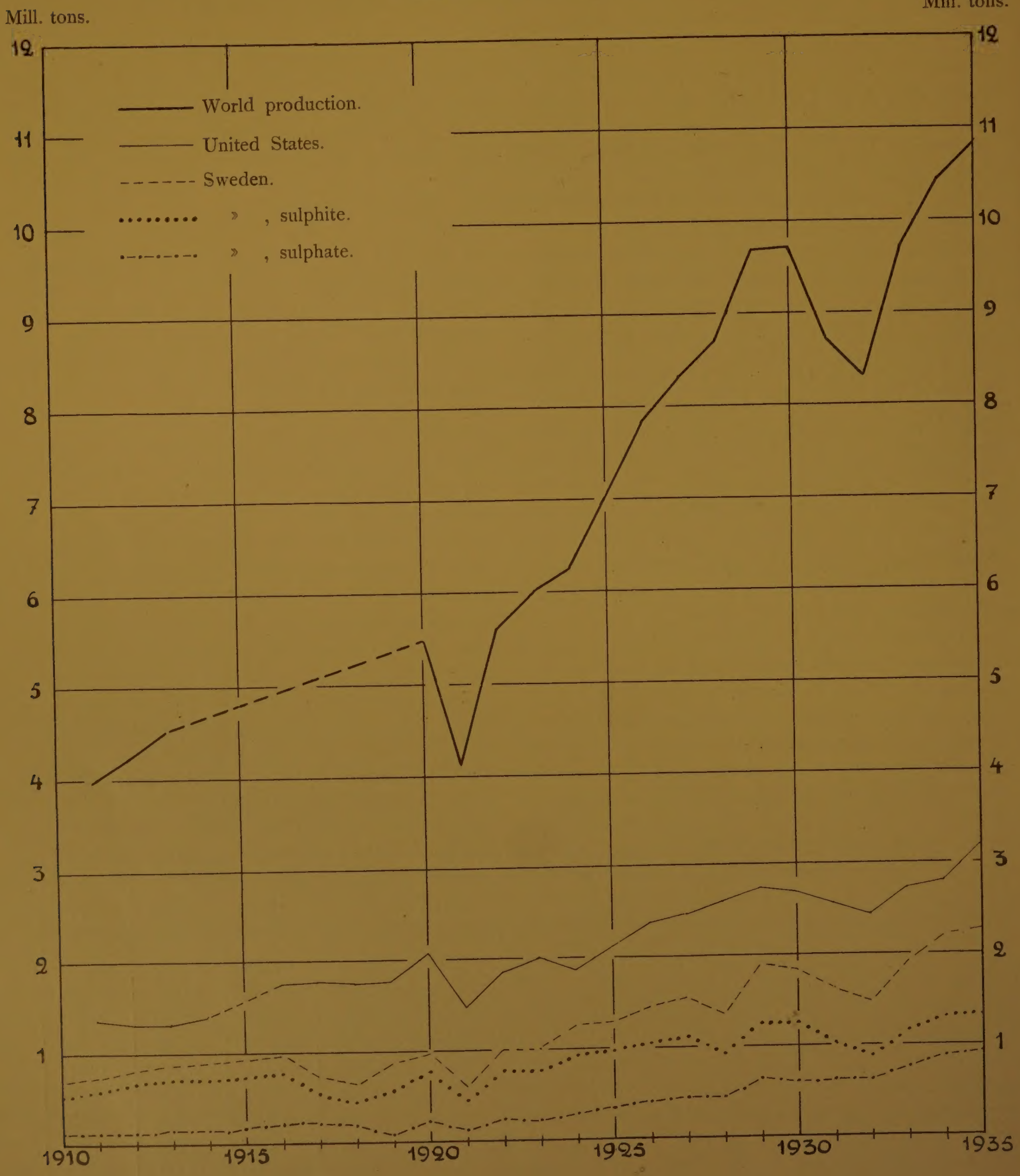


Table 2. Percentage output of artificial silk in accordance with the several processes.

Process	1933	1934	1935
Viscose	84.0	86.0	85.7
Acetate	10.0	9.5	9.82
Copper	4.5	4.2	4.45
Nitrate	1.5	0.3	0.03

It will be seen from table 1 that the output of artificial silk has advanced from year to year, so that in the course of twenty years (1913—1935) it has been increased 35 times over. At the present time the value of the annual output may be estimated at about 3 milliards kronor, which is more than the value of the world production of wool and over half the value of the world production of cotton. As for the output quantum, it is merely $5^{1}/_{2}$ per cent. of the total production of textile raw materials. It is evident from table 2 that the viscose process is beyond comparison the one most employed. This is in fact the cheapest method. Another reason for this preference is that it is possible with the viscose process to make use of sulphite pulp, which is considerably cheaper than the cotton waste called "linters", nearly always used in the manufacture of artificial silk in accordance with the other above-mentioned methods. As will be seen from the following table 3, increased output and rationalization have been accompanied by reductions in the price of artificial silk.

Table 3. Price of viscose silk, Krefeld quotation.

Year	Reichsmark per kg	Year	Reichsmark per kg
1913	12.15	1929	7.90
1924	16.—	1930	6.74
1925	15.50	1931	5.15
1926	10.83	1932	5.08
1927	11.29	1933	5.—
1928	11.75		

In the manufacture of artificial silk the first stage is the production of a solution of cellulose or cellulose esters. In the viscose process the solution is obtained by first treating the cellulose with sodium lye for some time, and afterwards, when the excess of lye has been pressed off, mixing the remainder of the cellulose with carbon disulphide. The result is the formation of a compound, which is dissolved in the sodium lye into a viscous fluid. In the so-called copper process cupric oxide of ammonia is used as a solvent for the cellulose. The acetate and nitrate processes are distinguished from those previously mentioned, in that in both cases it is not cellulose as such that is employed, but its compounds with acetic, acid and nitric acid, namely cellulose acetate and cellulose nitrate. These compounds are soluble in certain organic solvents, especially in acetone or acetone alcohol.

From these solutions the artifical silk threads are obtained by forcing the solution through fine nozzles into precipitating baths, or, provided that the solvent is volatile, into the open air. The first-mentioned of these methods is used for viscose and copper silk; in the case of the viscose solution sulphuric acid and several additional substances are used for the precipitating bath, for the copper solution, as a rule, water only. The precipitated silk thread is taken up on spools or on centrifugal spinning machines, is washed, cleansed and worked up.

New development in this industry have aimed especially at obtaining silk threads of increasing fineness and at the same time increasing its strength, especially in a wet condition. This is secured mainly by stretching the thread before it has completely stiffened. After many experiments on these lines in the manufacture of copper silk, it has been found possible to make a thread with a "titre" of 1 denier (den) or less (1 den = the weight in grammes of 9,000 metres of thread). Also viscose silk can now be made in this fineness, which has increased the range of its use.

Formerly people wanted silk to be as glossy as possible. Glossy silk is no longer so fashionable, and for certain qualities, such as crêpe fabrics, lustreless silk is now required. Lustreless silk is obtained, for example, by adding certain substances, such as titanium, in the form of av very fine powder, to the vicose before precipitation.

A new development in the artificial silk industry is the manufacture of "staple fibre" or artificial wool. Whereas in the making of artificial silk proper the procedure is to produce an "endless" thread and spin it up, in the manufacture of artificial wool the silk thread is cut into short fixed lengths.

The manufacturing process is substantially the same as in the making of artificial silk in accordance with the viscose, copper or acetate methods, and the products thus made have names indicative of the process, such as "vistra", "kuprama", "acelan". In this manufacture it is not necessary to be so exacting about the quality of the silk thread as in the case of artificial silk proper. The requirements in regard to strength, fineness and uniform quality in the thread are, however, maintained. This has rendered possible a very considerable simplification in manufacturing operations both in regard to the production of the "spinning solutions" and the washing, bleaching and drying of the silk thread. All this is done in one mechanically continuous process up to the cutting-machine. It has thus been possible to effect very considerable reductions in the costs of manufacture as compared with the making of artificial silk proper, especially by diminishing the staff of operatives. During the comparatively short time in which this manufacture has been in progress the price has been continuously falling. Thus, according to German quotations, it was 3.60 marks in 1930 and 1.90 marks in 1934. The present manufacturing price of viscose artificial wool is about one-third of that of viscose silk.

Artificial wool of this nature is thus a new cheap textile material, which can be used by itself or in combination with cotton, and in certain cases also with wool, for fabrics of various kinds. It is not a "substitute" in the bad sense of that term, but rather a product which renders possible the manufacture of fabrics of high quality and with new effects.

The production of artificial wool is therefore rapidly increasing as will be seen from the figures in the following table 4.

Table 4. Production of staple fibre in tons.

Country	1934	1935
Italy	10,000	35,000
Germany	9,000	24,000
Japan	1,090	5,500
France	1,900	3,600
England	1,310	3,225
United States	1,000	1,800
Poland	300	310
Total production	**24.600**	**73,435**

Closely connected with the use of cellulose for the manufacture of artificial silk and artificial wool is its employment for the making of various kinds of film and transparency foils.

The material generally employed for photographic films is nitrate cellulose, which can be derived from wood cellulose after special treatment, but for which it is most convenient and safest to employ cotton cellulose. The same applies also to the "non combustible" acetate film.

Of greater commercial importance are the products which, under the name of "cellophan", "transparit", "heliozell", or, in Sweden, of "alofan" and "diofan", have been brought into increasing use, especially for various kinds of packing material.

In this case too the first stage is to produce cellulose solutions of various kinds, similarly as in the manufacture of the corresponding kinds of artificial silk. As regards viscose foils (cellophan, alofan) the sheets are formed by precipitating the cellulose in a bath into a thin jelly-like film, which is successively washed, cleansed, bleached and dried by a continuous process.

An important product of cellulose, which has long been known, is gun-cotton (cellulose nitrate). Cellulose nitrate, in another form, has been brought into increasing use in the lacquer industry. Other important preparations are cellulose acetate and the new products cellulose benzoate and ethyl cellulose.

In recent times new uses of cellulose have been discovered. It can be employed, for example, for the manufacture of porous masses. Viscose sponge is made by mixing the viscose with froth-forming substances, such as oleic acid, and beating it up into a froth, which is then caused to congeal by exposure to steam or hot air. The cellulose sponge thus obtained is very light (specific weight 0.02), and is admirably suited for insulating material. A still lighter product is "isoflex", made by the Swedish Cooperative Society. In consists of corrugated acetate cellulose foils mixed with aluminium powder, and united into more or less thick layers (specific weight 0.01). This material has proved to possess superior non-heat-conducting properties.

As will be seen from this brief review, cellulose has been brought into increasing use in the most widely differing fields. Whereas, in starting these new industries, cotton or cotton waste was at first used as raw material, the latter substances, since success has been achieved in the refinement of wood cellulose, are now being replaced in increasing measure by that cheaper product. Indeed, in certain large branches wood cellulose has actually ousted cotton. This extension of the market for refined wood cellulose is already of considerable importance for Sweden's export of chemical pulp. In the course of years the rapid growth of the new markets will certainly assume still greater importance for the Swedish cellulose industry.

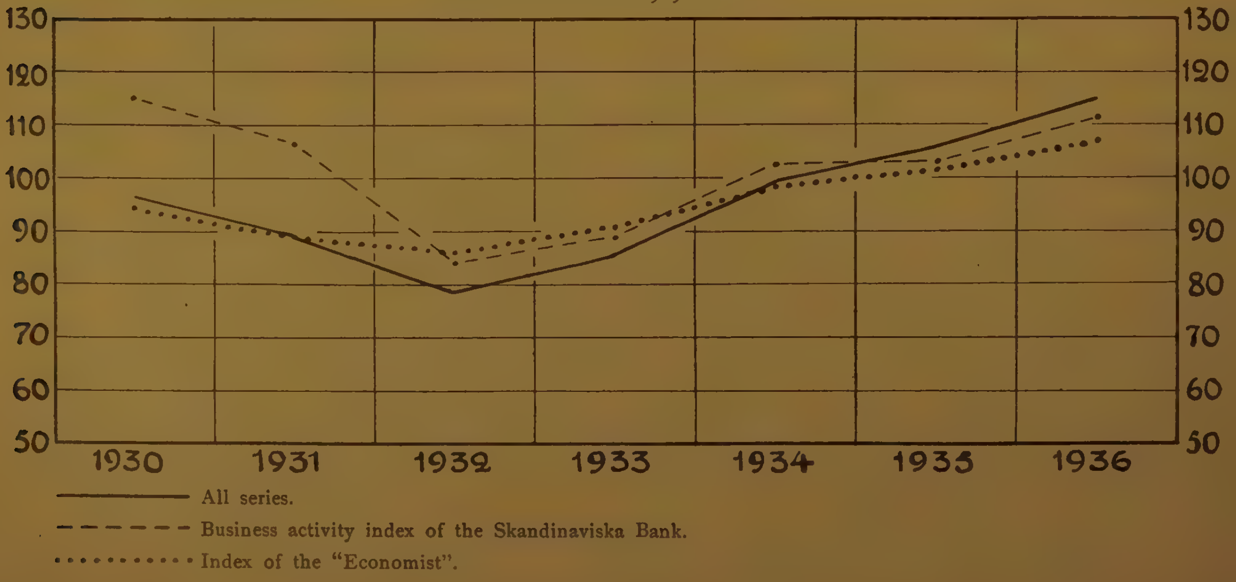
SWEDISH BUSINESS ACTIVITY IN 1929—1936

BY SVEN K. STOCKMAN

In a previous issue of this Quarterly (January 1934) certain estimates were published regarding Swedish business activity in 1924—1933, based on series of figures indicating the trend in some of the principal branches of industry, commerce and freight traffic. These series related to the supply of labour (the quarterly figures of the Labour Board), production (the production index of the Federation of Swedish Industries), imports, exports, the sales of industrial products (the index of the Federation of Swedish Industries for the invoice amount), the transport of goods on the State railways, as well as tonnage entered and cleared out. An unweighted average of the series thus included was taken as a gauge of business activity.

The above-mentioned estimates illustrated, so to speak, a "wave-ridge" in the economic trend with 1929 as a peak year. The figures for the last year in the period, 1933, indicated, however, that better times were again on the way. As the succeeding years amply fulfilled the expectations of an economic recovery which had been entertained in 1933, and as we are now in the midst of a marked boom, it may be of interest to supplement the previous estimates by figures showing the trend of development after 1933. In view of certain changes in the statistical material used in the previous investigation and consequent difficulties in obtaining commensurable figures for the entire period 1924—1936, the year 1929 has been taken as a starting-point and base for the new series. The curve will thus represent, so to speak, a "wave-trough" in the economic trend with 1932 as the bottom year.

As regards the previous series, it should be noted that the Federation of Swedish Industries have ceased to publish their index for the amount invoiced. It has been replaced here by the index of the Skandinaviska Kreditaktiebolaget for the clearing of commercial bills, which is termed the Skandinaviska Bank business activity index. In this index the original figures which relate to the value of the clearing turnover have been recalculated, by the aid of the average of the wholesale price and living cost indices, to bear upon the business *volume* independent of changes in prices. As the production index of the Federa-



Activity in Industry, Commerce and Freight Traffic in Sweden 1929—36.

Index Numbers. 1929 = 100.

tion of Swedish Industries has been entirely readjusted from the year 1934, there was no other way of obtaining a continuous series for all the years in question than to connect the new index number with the old one of the year 1934, for which there are estimates in accordance with both methods, and to recalculate the index numbers for the following years. Such a procedure is, of course, not entirely correct, as the two index calculations are of a somewhat different character but it is the only possible expedient if this important index is to be used at all. The estimates have furthermore been supplemented by an entirely new series, namely the statistics of the Swedish Electricity Works' Association showing the production of electric power in Sweden. As on the previous occasion, the importation of coal and coke has not been included in the import quantum, nor the export of ore in the export quantum. Seeing that complete figures are not yet available for 1936, it has been necessary to make approximate estimates for that year in regard to all the series except the Skandinaviska Bank business activity index.

The result of these computations is shown in the table below and, as regards i. a. the total curve, by the diagram on the preceding page. This curve gives a very graphic picture of the economic trend, and especially of the marked rising tendency which set in from the year 1934.

If the total curve is a correct index of the trend of development, business activity both in 1935 and in 1936 must have been considerably greater than in 1929. It should be noted, however, that the curve is affected in both directions by factors which are not directly indicative of the economic trend, but the result of readjustments on changes in industry or transport. One of these factors is the marked increase in the use of electric power, which is partly due to the replacement of steam power by electricity. From the point of view of the economic trend the increase in this component index is thus too marked. On the other hand, the introduction of motor road services for short-distance transport has conduced to keep down the figure for goods traffic on the State railways.

The least marked development is shown, remarkably enough, by exports. This is due to the fact that the export of wood goods since 1929 has shown a very considerable decline, which may be roughly estimated at about 1.8 million tons, and which has not nearly been compensated by the increase in the export of wood pulp. As the export of iron ore in 1936 will presumably keep at about the level of 1929, the index number would have shown a decrease even if that commodity had been included in the export index.

By way of comparison with the Swedish figures, the "Economist's" "Index of Business Activity", recalculated with the year 1929 as a basis, has been included in the table. The trend is, of course, somewhat parallel to that of the Swedish series, but shows a flatter course. This, however, may be connected with the fact that the "Economist's" index is based on a larger number of component series, which may have had a tendency to level out the curve.

Activity in Industry, Commerce and Freight Traffic in Sweden 1929—1936

Index Numbers. 1929 = 100

Year	Supply of labour	Production index of Federation of Industries	Skandinaviska Bank business activity index[1]	Import quantum	Export quantum	Goods traffic on State railways	Laden tonnage entered and cleared	Production of electric power	Total series. Average	»Economist»'s index
1930	89.2	96.4	115.0	99.2	84.6	90.9	98.6	103.8	97.2	94.4
1931	76.3	84.5	106.6	99.3	64.9	81.7	92.5	104.5	88.8	88.8
1932	70.5	79.1	84.0	81.5	59.6	70.0	84.7	101.0	78.8	85.3
1933	80.4	81.8	88.9	82.9	73.3	75.4	90.8	109.8	85.4	90.4
1934	102.3	100.0	102.3	94.6	76.6	90.0	99.4	124.5	98.7	97.5
1935	107.6	110.0	103.2	104.1	71.1	95.4	107.7	142.6	105.2	101.5
1936	112.6	118.2	111.4	125.5	77.9	99.3	120.1	155.1	115.0	106.8

[1] Recalculated to bear upon the business volume independent of price changes. (See text.)

THE ECONOMIC SITUATION DURING THE FOURTH QUARTER OF 1936

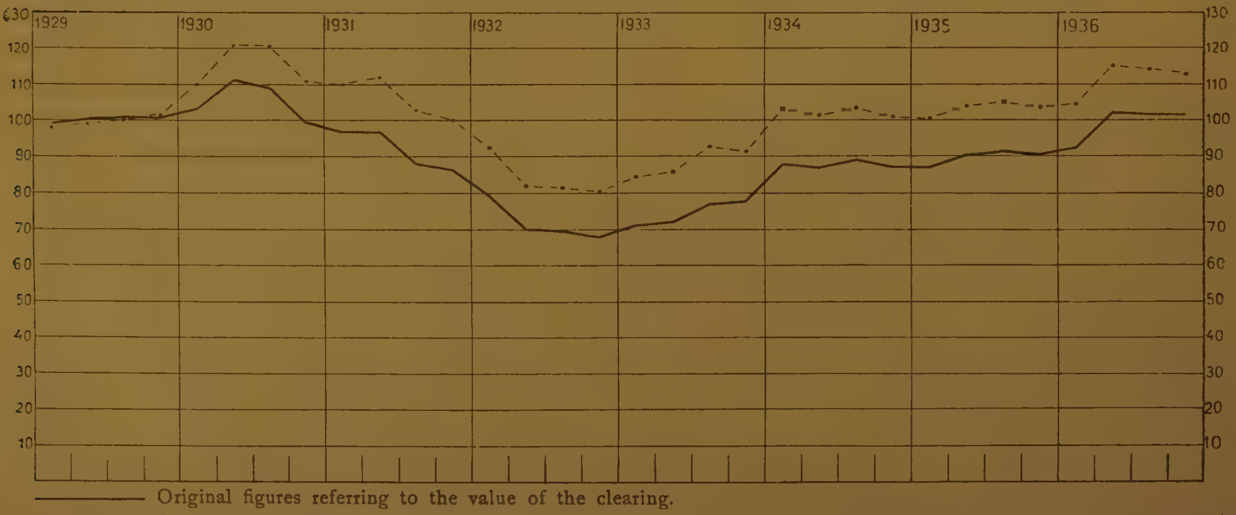
The General Situation. It will be seen from a statistical investigation published in another article in this issue that the quantitative figures for business activity in different spheres, on an average, correspond well with the much more quickly available figures for the business activity index of the Skandinaviska Bank, and that the discrepancies for later years are well accounted for by the fact that the trend of business in certain special fields has been due not only to purely economic conditions, but also to changes in the habits of the consuming public. The statistics in question indicate, broadly speaking, that the volume of trade in Sweden during the past year, from a purely quantitative point of view, was on an average 15 per cent. larger than during the peak year 1929. The business activity index of this Bank, after eliminating as far as possible the effects of price fluctuations,[1] shows for last year an increase of 11.4 per cent. as compared with the year 1929, with an advance in the course of the year from the figure of 103.2 for the last quarter of 1935 to 112.8 for the last quarter of 1936.

This boom has resulted in a marked increase of income in Sweden, as is indicated by the considerably higher assessments for taxation. Its continuance seems also to be largely secured by the very considerable orders which have been booked in many branches of industry. The trend in building activity seems, however, to be more uncertain, whilst the poorer yield of the harvest last year appears to have lessened the profitability of agriculture.

In the preceding quarterly survey attention had already been drawn to the substantial rise in the prices of certain industrial raw products and semi-manufactures on the world market. Since then this price advance has not only been intensified, but has also become more general, in that it has spread to an increasing number of raw products and has been passed on from the

Business Activity Index of the Skandinaviska Bank.

Season adjusted index numbers relating to the clearing turnover (1929 = 100).



——— Original figures referring to the value of the clearing.

-·-·-·- Quantity figures (after re-reckoning on the basis of the average of the wholesale price and the cost-of-living indices).

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[1] By re-reckoning on the basis of the average of the wholesale price and the cost-of-living indices.

Exports	Wood Goods 1,000 m³	Wood Pulp (estimated air-dry weight 1,000 tons)				Paper and Pasteboard 1,000 tons
		Mechanical	Sulphite	Sulphate	Total	
Jan.—Nov.						
1929 . .	5,875	302.3	834.0	439.5	1,575.8	424.52
1930 . .	4,842	242.5	753.4	376.5	1,372.4	398.49
1931 . .	3,222	240.0	619.7	429.2	1,288.9	435.16
1932 . .	3,197	183.9	509.1	351.7	1,044.7	425.76
1933 . .	4,203	283.1	823.5	592.5	1,699.0	470.52
1934 . .	4,173	288.1	833.3	616.4	1,737.8	505.48
1935 . .	3,196	275.2	905.3	670.2	1,850.7	557.63
1936 . .	3,669	283.3	999.9	723.6	1,997.8	556.08

Exports	Iron Ore 1,000 tons	Pig Iron etc. 1,000 tons	Wrought Iron and Steel 1,000 tons	Workshop[1] Products Mill. kr.	Butter tons	Bacon tons
Jan.—Nov.						
1929 . .	10,135	100.32	125.60	108.9	22,887	18,313
1930 . .	9,077	66.26	87.58	110.4	24,918	25,530
1931 . .	4,233	55.41	68.83	80.7	18,438	27,666
1932 . .	2,039	41.18	56.94	62.1	12,383	19,516
1933 . .	2,593	84.51	68.70	55.6	15,504	19,052
1934 . .	6,206	87.95	93.23	69.9	21,593	17,418
1935 . .	6,938	84.75	95.38	76.0	19,302	12,156
1936 . .	10,395	100.70	106.27	82.4	17,611	11,756

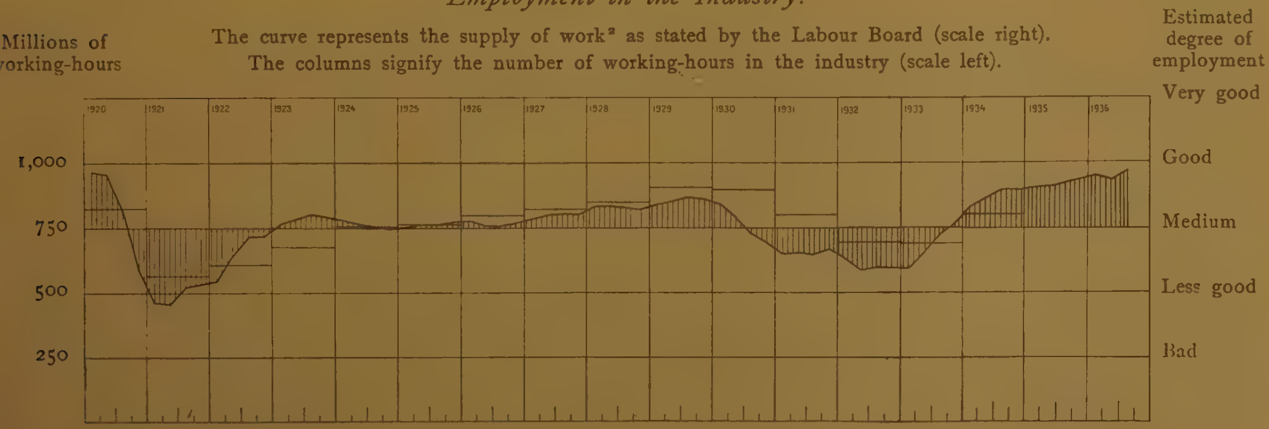
latter to manufactures. From the end of June to the end of December 1936 Moody's raw products price index for the United States and that of Reuter for Great Britain have risen by 5.5 and 6.0 per cent. respectively. The official wholesale price indices in the United States, Great Britain and Sweden, which, in addition to raw products, comprise also manufactures and semi-manufactures, rose from June to October or November 1936 by 5—6 per cent. This statistical observation is borne out by the fact that business men are noting a decided price advance for an increasing number of commodities on the world market. Hitherto, however, this circumstance has scarcely caused much trouble, as it merely signifies that the price decline of the economic crisis has partly been neutralized. But in Sweden, as in the United States and in the leading country of the sterling group, Great Britain, this matter is being watched with great attention, especially in view of the monetary measures which it may entail.

The fall in the prices of industrial products has in many cases lessened the profitability of manufacturing business, in that raw products and requisities have increased in price without a corresponding rise for manufactures. As regards the large Swedish sawmills and pulp mills, on the other hand, the rise in the prices of the products has preceded the price advance for raw products. It should be noted, however, that in this case the actual price advance did not supervene till the autumn, and also that it could not be turned to account, in that long-term contracts of delivery had been concluded at the lower pri-

[1] Includes only the products of large exporting workshops.

Employment in the Industry.

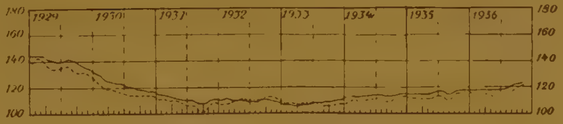
The curve represents the supply of work[2] as stated by the Labour Board (scale right).
The columns signify the number of working-hours in the industry (scale left).



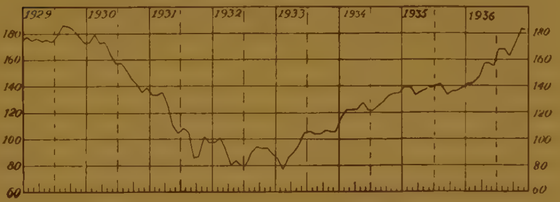
[2] The season variations have been eliminated.

Price Index of the Board of Trade.

——— = all goods.
- - - - - - - = raw products.
(Average 1913 = 100.)

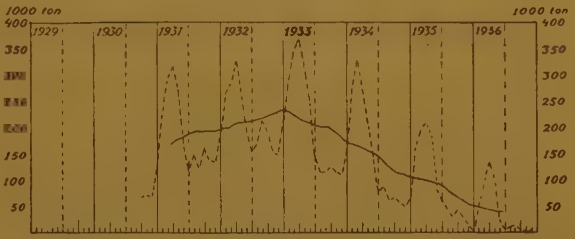


Index Numbers for Shares of 11 typical Swedish Industrial Companies.

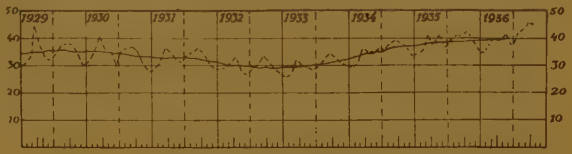


Laid up Swedish Tonnage.

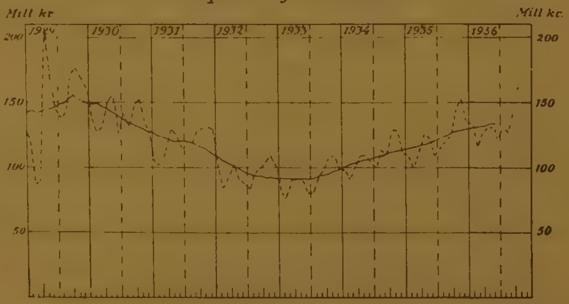
(1,000 tons gross)



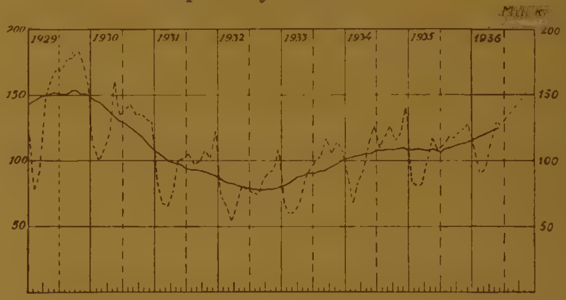
Millions of Axle-Kilometers travelled by Loaded Goods Trucks on the State Railways.



Import of Sweden.

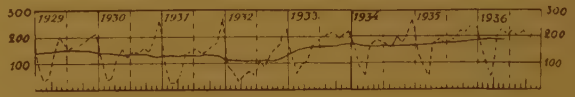


Export of Sweden.



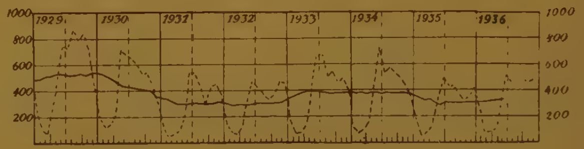
Export of Paper Pulp.

(Estimated air-dry weight in 1,000 tons.)



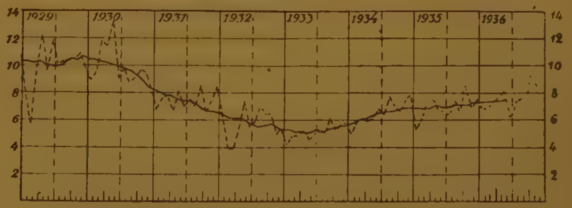
Export of Woodgoods.

(1,000 m³.)



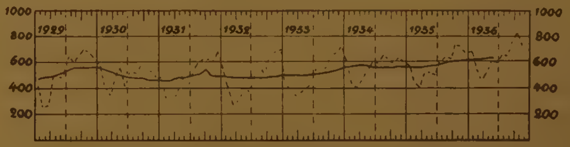
Export of Products of the Engineering Works.

(Mill. kr.)



Import of Coal and Coke.

(1,000 tons.)



Everywhere except in the first diagram the dotted line — where it occurs — indicates the original figures and the solid line the moving 12 months' averages.

ces previously prevailing. The prices of raw products have now risen considerably.

A statistical investigation made in the Skandinaviska Bank shows that in January—October 1936 the 29 leading groups of sawn and planed wood goods as well as pulp and paper were exported at prices which, on an average, exceeded the 1935 prices by merely 3.5 per cent. This investigation comprises the following unplaned wood goods, namely planks, battens, scantlings, boards and planchettes, in respect of which the price advance was 3.1 per cent. for pine (redwood) and 5.4 per cent. for spruce (whitewood); planed boards for which the price advance was 24.4 per cent. for pine and 24.2 per cent. for spruce; mechanical pulp, sulphite and sulphate, the prices of which have risen by 2.6, 2.2 and 3.8 per cent. respectively; newsprint and wrapping paper (made from sulphite and sulphate pulp), which show slight drop of prices. Apart from planed wood goods, in regard to which the considerable improvement in price was badly needed, the price advance noted fall within the margin of error of the statistical investigation, in that relative changes of quality may have occurred within the various groups of goods. We thus see that the price advance for wood products had not yet made itself markedly felt as regards exports during the first ten months of last year.

This price advance, however, has, in some measure, been of direct importance for the farmers, the owners of forests and industries engaged in the production of raw materials, whilst other industries have had the indirect advantage of a larger demand. For the present year the sales of wood goods amounted at the turn of the year to 365,000 standards, as compared with 125,000 standards a year ago. As regards sulphite and sulphate pulp and wet mechanical pulp $^{4}/_{5}$, $^{5}/_{6}$ and $^{3}/_{4}$, respectively, of the estimated output for this year has been sold, and considerable amounts of wood pulp have been sold for delivery in 1938. The boom in the iron works is still maintained, the export of workshop products showed a marked increase during the autumn, and the home-market industries in general are being benefited by the increased purchasing power of the population.

	Imports	Exports	Surplus of export (+) or surplus of imports (—)
	Million kronor		
Jan.—Nov. 1929	1,621	1,654	+ 33
» » 1930	1,523	1,417	—106
» » 1931	1,310	1,003	—307
» » 1932	1,046	836	—210
» » 1933	993	971	— 22
» » 1934	1,189	1,155	— 34
» » 1935	1,333	1,163	—170
» » 1936	1,469	1,362	—107

Foreign trade shows a continued increase. As compared with the same period in 1935 the imports for the first eleven months of 1936 increased by 10 per cent. and the exports by 17 per cent. The increase in the export trade was remarkably large in the autumn, with the result that the import surplus for the first eleven months of last year was reduced to 107 million kronor, as against 170 million kronor for the same period in 1935. In addition, freight receipts will presumably show an increase as compared with 1935, in that practically the whole mercantile marine has been employed in maritime commerce, whilst we may also expect an increase in the income from tourist traffic. As was pointed out in the preceding quarterly survey, Sweden's balance of payments for 1936 should result in a considerable increase of the income surplus, which for the year 1935 was estimated at 63 million kronor.

Among the large financial transactions with foreign countries in 1936 we note (besides conversions) issues during the first half-year of Belgian, Danish and Norwegian bond loans with an aggregate face value of between 85 and 90 million Swedish kronor. On the other hand, Swedish securities were briskly purchased from abroad. These financial dealings with foreign countries entailed during the first three quarters of the year a net import of securities amounting to about 50 million kronor. Sweden's bond indebtedness to foreign countries, which had previously totalled only a few hundred million kronor, will be somewhat reduced this year by the redemption of comparatively large amounts, already called in. At the end of the year the gold stock of the Riksbank amounted to about 950 million kronor, reckoned according to the market value, the net holdings of foreign exchange in the banks figured at 874 million kronor, whilst the note circulation at the same date totalled 893 million kronor.

The monetary supply is still very abundant and the rates of interest low. The cash holdings of the commercial banks amounted at the end of December to 465 million kronor, or 114 million kronor more than at the same date in 1935. The bank rate and the rates of the commercial banks for deposits and advances have been maintained unchanged, whilst the savings banks have now more generally adopted a $2^{1}/_{2}$ per cent. rate for deposits.

The Stock Market. The rise of prices which characterized the Swedish stock market in 1936 continued also during the last quarter of the year, when the Skandinaviska Bank index for eleven representative Swedish industrial companies showed an increase averaging more than 30 per cent. as compared with a year previously. At the same time the shares of the four principal commercial banks rose on an average by 10 per cent. Regarding the companies whose shares are included in the A list of the stock exchange the dividends for the financial year most closely coinciding with the calendar year 1936 are known only in a few cases. If we assume that, in the remaining cases, the dividends will be maintained at the same rates as for the immediately preceding year, the yield on the basis of the stock exchange value of those shares at the end of the year would be merely $3^{2}/_{3}$ per cent.

The fluctuations in the prices of the leading industrial and bank shares on the Stockholm Exchange during the last few months is shown by the table below, where the quotations are given in percentage of par.

	Number of Companies	1936					
		17/8	15/9	15/10	16/11	15/12	30/1
Engineering Workshops	4	176	168	174	190	197	208
Timber and Pulp Industries	5	158	156	165	173	171	175
Combined Industries (Wood and Steel)	2	171	166	181	191	182	189
Total above Companies	**11**	**168**	**163**	**173**	**185**	**183**	**197**
Banking Companies	4	181	177	180	185	186	188

Dealings on the stock exchange were on a very considerable scale, amounting, on an average, to 1.82 million kronor per day during the last quarter and 1.70 million kronor during the whole of last year, as compared with 0.64 and 0.66 million kronor respectively for the year 1935.

The marked rise in share prices in conjunction with the brisk transactions are indicative of considerably increased interest in investments in shares. That these investments are in the main of a non-speculative character is evident from the fact that the advances granted by the banks on the security of shares — which include also a large number of shares not listed on the stock exchange — have barely risen above the bottom level reached at the beginning of last year.

The Bond Market. The following table gives approximate figures for the yield (in percentage) corresponding to the market prices of representative Swedish bonds during the last few months.

	Number of loans	1936						
Swedish Government.		14/7	14/8	15/9	16/10	13/11	15/12	30/12
3 % Rente	1	3.18	3.12	3.06	3.08	3.06	3.05	3.05
4 % Amort. 1932—81. Conv. 1941	1	1.75	2.01	1.75	2.36	2.14	2.14	2.19
Mortgage Banks.								
4 % Conv. 1941 . . .	2	2.09	2.02	2.08	2.29	2.08	2.09	2.12
4 % Amort. 1884—1959	1	3.00	2.91	2.91	3.08	3.04	3.02	3.13
City of Stockholm.								
$4^{1}/_{2}$ % Amort. 1918—57. Conv. 1940	1	3.09	3.19	3.09	3.12	3.12	2.99	3.00
Industrial Companies.								
$4^{1}/_{2}$ % Conv. 1940 . .	1	2.79	2.82	2.88	2.79	2.79	2.73	2.66
5 % Conv. 1936—42 .	5	3.29	3.31	3.27	3.34	3.24	3.16	3.06

The maintenance of the low level of interest on the capital market is mainly due to two reasons, namely that the need of capital has been manifest on the market on such a small scale, and that credits, which are normally covered by long loans, are now being raised to some extent for short terms only and at the enticingly low rates of the money market. Issues of shares are rare, building credits are often converted, after the completion of the buildings, into short loans, whilst on the bond market large demands for good investments are unsatisfied. In the search for investments the rates of interest for different branches of the capital market have been levelled in a way which indicates that holders of capital, in judging risks, show a greater tendency than has hitherto been usual to rank different kinds of investment in the same class. As above indicated, the share market, setting aside the prospects of larger dividends, has adjusted itself to a yield of 3 2/3 per cent.; on the real estate market the best first-mortgage loans run at 3.15 per cent. or lower rates; on the bond market new first-rate industrial loans can be placed at 3 1/2 per cent., in certain cases down to 3 1/4 per cent.; whilst short-term industrial loans on the market are being bought at prices which give a yield of merely 2 3/4 per cent. Finally, as regards Government loans, the 3 per cent. level predominates, with the exception of short-term loans, which yield merely 2.1 to 2.2 per cent. at the present market prices. As for municipalities, the city of Stockholm has been able to place a loan of 28 million kronor at 2 1/2 per cent. interest and at an issue price of 101 per cent. It should be noted, however, that the loan will run 12 years only. On the other hand, municipal loans, as a general rule, give a yield of somewhat more than 3 per cent.

The following were the principal bond loans issued during the past quarter:

Issuer:	Rate of interest in per cent	Face value in kronor	Issue price in per cent
Swedish Government	3	126,000,000[1]	99
Swedish Government	3	105,000,000[1]	99
Stockholms Intecknings Garanti Aktiebolag	3 1/4	20,000,000	101 1/2
(amount actually issued kr.		12,925,000)	
Svenska Skeppshypotekskassan .	3	10,000,000[2]	
City of Halmstad	3	737,000[2]	
City of Hälsingborg	3	1,105,000[2]	100
City of Stockholm	2 1/2	28,000,000[1]	101
Stockholm County Council . .	[3]	1,066,000	100 3/4
Hälsingborgs Intecknings Garanti Aktiebolag	3	1,000,000	100
Billeruds Aktiebolag	3 1/2	19,000,000[1]	101
Lilla Edets Pappersbruks Aktiebolag	3 3/4	750,000[2]	
Svanö Aktiebolag	3 1/2	7,000,000[1]	101
Skandinaviska Kreditaktiebolaget (loan against registered certificates)	3 1/2	50,000,000[1]	100

According to the statistics published by the Swedish Bank Association, the redemption of bonds during the first three quarters of the year have exceeded the new issues by 31 million kronor. It will be seen from the above list of new issues during the past quarter that most of them were connected with conversions or with the retirement of previous loans: in several cases, however, these transactions will not be completed till this year. The conversion operations of the Government were intended for the redemption of previous loans amounting together to 252 million kronor, partly by exchange against new bonds. By the end of the year such exchanges had been accepted in respect of old bonds amounting to 161 million kronor. The non-converted part of these loans, being 91 million kronor, is chiefly placed abroad. The issue of the new loan of the Skandinaviska Bank against registered certificates was made simultaneously with the calling-in of a previous 5 1/2 per cent. loan of this character, amounting to 100 million kronor. It should further be mentioned that AB. Svenska Kullagerfabriken, which has large cash holdings, is contemplating the return to the shareholders of half the share capital, or 65 million kronor. By these three transactions alone the capital market will be deprived of investments of considerable magnitude.

The holders of the Skandinaviska Bank's registered certificates of the above-mentioned loan of earlier date have as to more than 90 per cent. accepted exchange against the certificates of the new loan. In view i. a. of the wide dissemination of these 5 1/2 % certificates, the result must be regarded as highly satisfactory. In addition, more than 50 million kronor, that is more than the entire new loan, had been subscribed for cash payment. As this cash subscription has no priority, it must be reduced to a very large extent.

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[1] In connection with the conversion or redemption of previous loans.

[2] Sold privately.

[3] The rate of interest varies in accordance with the deposit rates of 25 savings banks. Maximum 4 1/4 per cent.

Some Statistical Data Concerning

Currency Reserve, Stock of Gold, Note Circulation.

	Net Claims of Banks on Abroad million kronor (End of month)									**The Riksbank's**								
	Riksbank			Commercial banks			Total			**Stock of Gold** (million kr.)			**Stock of Gold and Net Claims on Abroad** (million kr.)			**Note Circulation** (million kr.)		
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Jan.	449	560	598	125	189	242	574	759	840	372	351	429	821	911	1027	562	620	702
Feb.	506	555	593	85	200	228	591	755	821	373	351	440	879	906	1033	560	620	712
March	507	600	575	77	150	220	584	750	795	374	352	454	881	952	1029	586	646	741
I (Average)	**487**	**572**	**589**	**96**	**180**	**230**	**583**	**752**	**819**	**373**	**351**	**441**	**860**	**923**	**1030**	**569**	**629**	**718**
April	484	609	544	103	149	236	587	758	780	367	352	461	851	961	1005	581	652	744
May	458	622	506	130	159	246	588	781	752	368	354	484	826	976	990	564	632	728
June	445	614	496	171	175	260	616	789	756	370	355	509	815	969	1005	602	674	755
II (Average)	**462**	**615**	**515**	**135**	**161**	**247**	**597**	**776**	**763**	**368**	**354**	**485**	**831**	**969**	**1000**	**582**	**653**	**742**
July	457	622	518	188	191	238	645	813	756	371	356	510	828	978	1028	586	659	739
Aug.	471	618	533	192	209	252	663	827	785	373	358	511	844	976	1044	596	672	756
Sept.	469	658	556	195	192	258	664	850	814	374	363	526	843	1021	1082	634	711	789
III (Average)	**466**	**633**	**536**	**192**	**197**	**249**	**657**	**830**	**785**	**373**	**359**	**516**	**838**	**992**	**1051**	**605**	**681**	**761**
Oct.	510	638	604	195	206	212	705	844	816	359	384	526	869	1022	1130	632	709	796
Nov.	519	616	652	186	223	179	706	839	831	352	398	528	871	1014	1180	622	700	785
Dec.	553	629	717	225	230	157	778	859	874	351	408	529	904	1037	1246	672	748	845
IV (Average)	**527**	**628**	**658**	**202**	**220**	**183**	**730**	**847**	**841**	**354**	**396**	**528**	**881**	**1024**	**1186**	**642**	**719**	**809**
Notes	The figures comprise balances with foreign banks and holdings of foreign bills and foreign bonds less amounts due to foreign banks									At end of month.						Monthly averages		

Rates of Exchange.

	Nominal Quotations of the Commercial Banks (Monthly Averages)											
	London Kr. for £ 1			**New York** Kr. for $ 1			**Paris** Kr. for 100 francs			**Berlin** Kr. for 100 Rmk		
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Jan.	19.400	19.404	19.402	3.848	3.972	3.918	23.996	26.187	25.974	145.430	159.558	158.630
Feb.	19.400	19.405	19.400	3.863	3.988	3.888	25.052	26.308	25.990	150.990	160.104	158.550
March	19.400	19.401	19.401	3.822	4.072	3.910	25.166	27.028	25.960	151.890	164.990	158.330
I (Average)	**19.400**	**19.403**	**19.401**	**3.844**	**4.011**	**3.905**	**24.738**	**26.508**	**25.975**	**149.437**	**161.551**	**158.503**
April	19.404	19.400	19.403	3.771	4.019	3.931	24.979	26.567	25.928	149.656	162.337	158.370
May	19.405	19.400	19.400	3.806	3.975	3.908	25.194	26.217	25.764	150.650	160.481	157.860
June	19.405	19.400	19.400	3.850	3.938	3.871	25.418	26.066	25.533	148.340	159.648	156.261
II (Average)	**19.405**	**19.400**	**19.401**	**3.809**	**3.977**	**3.903**	**25.197**	**26.283**	**25.742**	**149.549**	**160.822**	**157.497**
July	19.403	19.403	19.400	3.857	3.923	3.869	25.437	26.020	25.646	148.288	158.741	156.297
Aug.	19.400	19.400	19.400	3.836	3.912	3.867	25.563	25.935	25.485	151.417	158.278	155.702
Sept.	19.400	19.400	19.400	3.888	3.939	3.856	26.008	25.982	[2] 25.343	156.830	158.780	155.120
III (Average)	**19.400**	**19.401**	**19.400**	**3.860**	**3.925**	**3.864**	**25.669**	**25.979**	**[2] 25.491**	**152.178**	**158.600**	**155.706**
Oct.	19.400	19.401	19.400	3.936	3.960	3.965	26.130	26.113	18.542	159.472	159.593	159.741
Nov.	19.402	19.403	19.400	3.895	3.947	3.975	25.688	26.012	18.510	156.837	159.058	160.370
Dec.	19.400	19.400	19.400	3.929	3.940	3.961	25.948	26.043	18.500	158.198	158.946	159.792
IV (Average)	**19.401**	**19.401**	**19.400**	**3.920**	**3.949**	**3.967**	**25.922**	**26.056**	**18.517**	**158.169**	**159.199**	**159.968**
Par	18.1595			[1] 2.2038			[2] 14.6196			88.8889		

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[1] On the 30th January 1934 the value of the dollar was provisionally fixed at 59.06 % of the former gold parity, Kr. 3.7315 per $. — [2] Up to September 25th inclusive.

Sweden's Economic Position.

Commercial Banks, Stock Exchange.

	Commercial banks												Quotations of 11 typical Swedish Industrial Shares In %			Shares sold on the Stockholm Stock Exchange (1000 kr.)		
	Deposits (million kr.)			**Loans** incl. bills rediscounted (million kr.)			**Bills Rediscounted** (million kr.)			**Cash** (million kr.)								
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Jan.	3665	3617	3736	3813	3826	3809	0.4	0.0	0.0	435	382	376	116	139	142	1061	927	1361
Feb.	3659	3619	3723	3807	3852	3845	0.5	0.0	0.0	485	359	348	122	139	143	1354	583	1930
March	3659	3663	3764	3830	3906	3882	0.7	0.0	0.0	442	390	280	122	133	147	673	531	2439
I (Average)	**3661**	**3633**	**3741**	**3817**	**3861**	**3845**	**0.5**	**0.0**	**0.0**	**454**	**374**	**335**	**120**	**137**	**144**	**1029**	**680**	**1910**
April	3628	3620	3749	3833	3917	3918	0.2	0.0	0.0	411	360	280	122	136	157	728	441	1950
May	3553	3586	3683	3838	3920	3899	0.1	0.0	0.0	317	284	208	127	138	157	689	618	1350
June	3559	3606	3716	3823	3908	3878	0.0	0.0	0.0	307	298	281	121	139	155	395	834	1329
II (Average)	**3580**	**3604**	**3716**	**3831**	**3915**	**3898**	**0.1**	**0.0**	**0.0**	**345**	**314**	**256**	**123**	**138**	**156**	**604**	**631**	**1543**
July	3629	3692	3772	3800	3880	3874	0.0	0.1	0.0	401	398	383	121	141	168	338	635	2087
Aug.	3628	3671	3802	3810	3874	3881	0.0	0.0	0.0	399	332	417	125	142	168	355	873	1340
Sept.	3649	3718	3873	3816	3883	3912	0.0	0.0	0.0	391	400	452	128	134	163	469	518	1154
III (Average)	**3635**	**3694**	**3816**	**3809**	**3879**	**3889**	**0.0**	**0.0**	**0.0**	**397**	**377**	**417**	**125**	**139**	**166**	**387**	**675**	**1527**
Oct.	3665	3737	3864	3774	3861	3926	0.0	0.0	0.0	430	445	503	133	136	173	1007	644	1561
Nov.	3562	3634	3790	3785	3878	3971	0.0	0.0	0.0	299	313	405	134	136	185	549	541	2082
Dec.	3553	3632	3833	3795	3828	3992	0.0	0.0	0.0	349	351	465	134	138	183	670	726	1801
IV (Average)	**3593**	**3668**	**3846**	**3785**	**3856**	**3963**	**0.0**	**0.0**	**0.0**	**359**	**370**	**458**	**134**	**137**	**180**	**742**	**637**	**1815**
Notes	Deposits from and loans to the public within the country (at the end of the respective month)									Cash in hand, credit balances on cheque accounts with the Riksbank et cetera			Prices at middle of month			Averages per Stock Exchange business day		

Rates of Interest and Price Level.

	Rediscount Rate of the Riksbank (%)			Yield of Bonds (%)						Wholesale Price Index (Board of Trade) (1913 = 100)						Cost of Living Index (July 1914 = 100)		
				Govt. Loans			Industrial Loans			All Goods			Raw Materials					
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Jan.	2.00	2.00	2.00	3.65	3.03	3.29	4.22	3.59	3.72	112	115	118	108	112	115	153	155	158
Feb.	2.00	2.00	2.00	3.74	3.04	3.25	4.18	3.59	3.62	112	115	118	110	112	115	·	·	·
March	2.00	2.00	2.00	3.74	3.09	3.25	4.04	3.57	3.55	112	115	118	109	111	115	·	·	·
I (Average)	**2.00**	**2.00**	**2.00**	**3.71**	**3.05**	**3.26**	**4.15**	**3.58**	**3.63**	**112**	**115**	**118**	**109**	**112**	**115**			
April	2.00	2.00	2.00	3.72	3.18	3.15	3.93	3.58	3.50	113	115	118	110	111	114	153	155	158
May	2.00	2.00	2.00	3.60	3.15	3.17	3.92	3.60	3.43	113	115	118	110	111	113	·	·	·
June	2.00	2.00	2.00	3.63	3.18	3.17	3.85	3.65	3.43	114	116	118	111	113	113	·	·	·
II (Average)	**2.00**	**2.00**	**2.00**	**3.65**	**3.17**	**3.16**	**3.90**	**3.61**	**3.45**	**113**	**115**	**118**	**110**	**112**	**113**			
July	2.00	2.00	2.00	3.64	3.24	3.18	3.94	3.62	3.29	114	116	119	111	113	114	155	156	158
Aug.	2.00	2.00	2.00	3.61	3.22	3.12	3.83	3.62	3.31	114	115	120	109	110	116	·	·	·
Sept.	2.00	2.00	2.00	3.49	3.25	3.06	3.67	3.62	3.27	114	115	122	109	111	118	·	·	·
III (Average)	**2.00**	**2.00**	**2.00**	**3.58**	**3.24**	**3.12**	**3.81**	**3.62**	**3.29**	**114**	**115**	**120**	**110**	**112**	**116**			
Oct.	2.00	2.00	2.00	3.38	3.40	3.08	3.54	3.93	3.34	114	117	123	111	116	120	155	157	157
Nov.	2.00	2.00	2.00	3.37	3.32	3.06	3.56	3.87	3.24	115	118	124	112	116	121	·	·	·
Dec.	2.00	2.00	2.00	3.26	3.36	3.05	3.66	3.85	3.16	115	118	126	113	116	124	·	·	·
IV (Average)	**2.00**	**2.00**	**2.00**	**3.34**	**3.36**	**3.06**	**3.59**	**3.88**	**3.25**	**115**	**118**	**124**	**112**	**116**	**122**			
Notes	Monthly averages			Calculated on market prices at middle of months						Calculated on prices ruling at middle of months						Refers to end of quarters		

Trade and Industry.

	Foreign Trade (million kr.)									Export of Forest Products								
	Import			Export			Excess of Imports (−) or Exports (+)			Sawn and Planed Wood Goods 1000 stds			Paper Pulp 1000 tons			Paper and Pasteboard 1000 tons		
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Jan.	98	109	134	89	83	106	− 9	−26	−28	18	31	46	159.5	142.0	176.0	44.4	44.4	52.5
Feb.	90	99	115	66	80	91	−24	−19	−24	7	8	11	77.3	88.6	95.9	37.0	48.4	47.6
March	100	111	126	83	82	94	−17	−29	−32	11	10	12	52.6	46.0	47.2	51.2	52.5	54.8
I (Average)	**96**	**106**	**125**	**79**	**82**	**97**	**−17**	**−24**	**−28**	**12**	**16**	**23**	**96.5**	**92.2**	**106.4**	**44.2**	**48.4**	**51.6**
April	109	126	130	92	100	112	−17	−26	−18	22	15	15	168.9	170.3	206.3	45.8	54.1	51.0
May	109	122	130	112	117	129	+ 3	− 5	− 1	81	68	64	187.2	188.4	233.4	46.4	53.1	48.4
June	103	109	121	125	109	126	+22	0	+ 5	146	101	103	183.4	172.2	202.8	46.3	45.5	41.1
II (Average)	**107**	**119**	**127**	**110**	**109**	**122**	**+ 3**	**−10**	**− 5**	**83**	**61**	**61**	**179.8**	**177.0**	**214.2**	**46.2**	**50.9**	**46.8**
July	99	115	132	109	112	132	+10	− 3	0	107	85	91	172.8	178.2	217.1	42.9	42.6	46.6
Aug.	113	120	126	116	118	136	+ 3	− 2	+10	110	87	96	159.2	188.6	198.9	45.5	59.2	56.1
Sept.	110	125	142	126	117	140	+16	− 8	− 2	95	73	93	197.2	224.0	216.8	47.3	49.5	47.1
III (Average)	**107**	**120**	**133**	**117**	**116**	**136**	**+10**	**− 4**	**+ 3**	**104**	**82**	**93**	**176.4**	**196.9**	**210.9**	**45.2**	**50.4**	**49.9**
Oct.	129	145	160	115	122	145	−14	−23	−15	98	65	95	177.5	214.1	172.8	45.1	54.4	56.0
Nov.	128	153	154	120	123	151	− 8	−30	− 3	86	70	100	202.3	238.7	230.6	53.4	53.9	54.9
Dec.	110	135		139	128		+29	− 7		71	85		264.0	249.1		49.4	50.1	
IV (Average)	**122**	**144**		**125**	**124**		**+ 3**	**−20**		**85**	**73**		**214.6**	**234.0**		**49.3**	**52.8**	
Notes										Petersburg standard = 4.67 m³			Estimated air-dry weight					

	Export of Iron Ore 1000 tons			Export of Workshop Products million kr.			Index of Production according to Feder. of Swed. Industries (1935 = 100)			Supply of Industrial Work Index numbers			Waggon-axle Kilometres of loaded Trucks on State Railways			Unemployment in Trade Unions (%)		
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Jan.	178	463	659	4.90	5.23	6.88	83	96	103	.	.	.	29.6	34.1	34.4	24.3	22.5	19.0
Feb.	196	442	686	5.89	6.08	6.93	85	97	104	.	.	.	30.5	35.3	37.0	24.4	20.2	18.0
March	395	539	751	6.12	7.42	8.26	87	98	105	.	.	.	36.5	41.0	39.8	23.6	18.5	16.5
I (Average)	**256**	**481**	**699**	**5.64**	**6.24**	**7.36**	**85**	**97**	**104**	**3.24**	**3.51**	**3.71**	**32.2**	**36.8**	**37.1**	**24.1**	**20.4**	**17.8**
April	491	574	748	5.92	7.55	7.59	89	99	106	.	.	.	35.2	37.5	39.6	19.5	16.1	13.8
May	571	484	744	6.12	6.86	8.12	91	100	107	.	.	.	35.1	40.9	41.7	15.3	12.1	10.2
June	606	459	948	6.81	6.75	7.07	92	100	107	.	.	.	36.1	36.4	37.4	13.9	11.2	9.3
II (Average)	**556**	**506**	**813**	**6.28**	**7.05**	**7.93**	**91**	**100**	**107**	**3.55**	**3.71**	**3.82**	**35.5**	**38.3**	**39.6**	**16.2**	**13.1**	**11.1**
July	580	563	905	6.39	6.49	7.33	92	100	107	.	.	.	35.4	39.7	42.2	12.8	9.9	8.1
Aug.	568	585	751	7.67	7.49	7.36	93	100	109	.	.	.	38.3	40.4	43.0	13.2	10.3	8.0
Sept.	567	506	861	6.99	6.61	7.48	94	101	111	.	.	.	39.0	40.8	45.6	13.0	11.0	8.6
III (Average)	**572**	**551**	**839**	**7.02**	**6.86**	**7.39**	**93**	**100**	**109**	**3.63**	**3.73**	**3.91**	**37.6**	**40.3**	**43.6**	**13.0**	**10.4**	**8.2**
Oct.	521	515	902	6.64	8.59	9.09	96	102	112	.	.		38.3	42.2	45.6	14.8	12.7	9.9
Nov.	456	472	806	7.54	6.99	8.26	97	103	112	.	.		36.9	38.9		17.1	14.9	
Dec.	546	612	632	7.82	7.53		97	103		.	.		33.6	34.7		23.6	21.3	
IV (Average)	**508**	**533**	**780**	**7.33**	**7.70**		**97**	**103**		**3.59**	**3.76**		**36.3**	**38.6**		**18.5**	**16.3**	
Notes	Shipments of the Grängesberg Co.			Motors, electr. machinery, ball bearings, separators, telephones, etc.			Seasonal change removed			The figure 3 denotes normal supply of work			Million kilom. per month			% of total members at end of month		

Stockholm 1937. Kgl. Boktr. P. A. Norstedt & Söner 364745

SKANDINAVISKA KREDITAKTIEBOLAGET

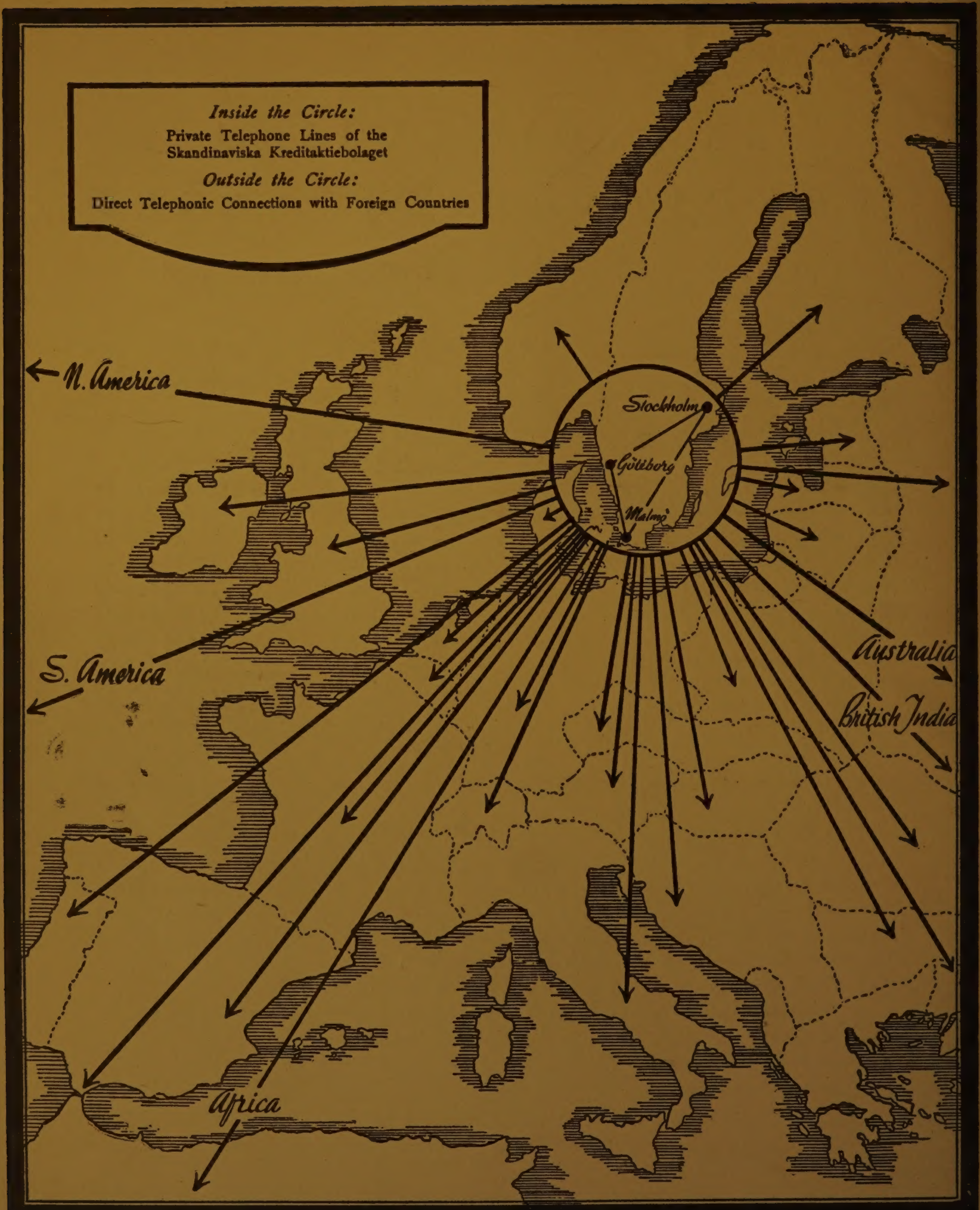
STATEMENT OF CONDITION DECEMBER, 31st, 1936

Assets

Cash in hand		Kr. 188.221.722: 33
Bills:		
Swedish	Kr. 259.085.340: 05	
Foreign	» 18.846.693: 53	» 277.932.033: 58
Loans (secured)		» 357.950.459: 62
Current Accounts (secured)		» 65.877.470: 41
Swedish Banks		» 6.402.818: 94
Foreign Banks		» 17.722.989: 90
Sundry Accounts		» 39.405.876: 04
Bonds		» 64.877.818: 11
Shares		» 185.655.539: 21
Bank Buildings & Furniture		» 15.913.112: —
		Kr. 1.219.959.840: 14

Liabilities

Bills at sight in circulation (»postremiss» bills)		Kr. 17.414.698: 31
Deposits:		
at sight	Kr. 217.225.224: 02	
at notice	» 613.281.909: 39	» 830.507.133: 41
Swedish Banks		» 15.042.721: 61
Foreign Banks		» 33.861.387: 93
Sundry Accounts		» 92.058.098: 88
Registered Certificates of the Bank (»Förlagsbevis»):		
5½ % of 1925	Kr. 54.413.400: —	
3½ % of 1937	» 44.662.400: —	» 99.075.800: —
Share Capital	Kr. 87.188.000: —	
Reserve Fund	» 44.812.000: —	» 132.000.000: —
		Kr. 1.219.959.840: 14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S. America
Africa
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Göteborg
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